



House of Representatives

General Assembly

File No. 168

February Session, 2012

House Bill No. 5071

House of Representatives, March 29, 2012

The Committee on Banks reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SECURED AND UNSECURED LENDING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (21) of subsection (a) of section 36a-250 of the
2 2012 supplement to the general statutes is repealed and the following
3 is substituted in lieu thereof (*Effective October 1, 2012*):

4 (21) Make secured and unsecured loans and issue letters of credit,
5 [as authorized by and subject to section 36a-260] except as otherwise
6 expressly limited by sections 36a-261 to 36a-265, inclusive.

7 Sec. 2. Section 36a-260 of the general statutes is repealed. (*Effective*
8 *October 1, 2012*)

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2012	36a-250(a)(21)
Sec. 2	October 1, 2012	Repealer section

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note***State Impact:*** None***Municipal Impact:*** None***Explanation***

The bill results in no fiscal impact as it concerns loan policies of banks which are private entities and does not alter the responsibilities of the Department of Banking.

The Out Years***State Impact:*** None***Municipal Impact:*** None

OLR BILL ANALYSIS**HB 5071*****AN ACT CONCERNING SECURED AND UNSECURED LENDING.*****SUMMARY:**

This bill eliminates the requirement for banks that make secured and unsecured loans to annually adopt loan and loan review policies. Banks continue to be subject to any existing statutory limitations in making these loans. (The bill specifically cites the statutory limitations set out in § 36a-261 to § 36a-265. It fails to include § 36a-266, which allows banks to make emergency loans for housing damaged by disasters if the commissioner determines such loans to be in the best interest of the public.)

Under current law, the loan policy must include (1) the application and approval process; (2) the types of loans offered, including underwriting guidelines and collateral requirements; (3) title review and insurance requirements; and (4) an evaluation and appraisal process. The bank's governing board must also develop reasonable internal controls to ensure compliance with its policy.

Also under current law, the loan review policy must establish standards to determine which loans are included in the review and ensure their compliance with the loan policy. The bank's governing board, or a committee it designates, must semiannually assess loan review policies, and the banking commissioner may examine them and any loan made under them for safe and sound banking practices.

EFFECTIVE DATE: October 1, 2012

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/15/2012)